

PAPER AND PAPER MONEY

Paying with plastic means more than simply using a credit card! There is a large movement to replace paper money with folding money made of polymer.

The Australian have led the way in the effort to make paper money as we know it a thing of the past. In 1992 they began issuing money made of a polymer, and by 1997 all their folding currency in circulation was plastic. They decided to print their currency on a plastic substitute for paper, for it seems that there would be less chance of forgery because of the varieties of patterns and designs that can be produced in the material. They say also that the bills will have a longer circulation life. Now at least 13 other countries have begun using plastic currency in some form.

Today our one-dollar bill and, strangely enough, also the 10 have a circulation life of about 18 months. The five about fifteen, and the 20 about two years. Of course the larger the denomination, the longer they tend to remain in circulation.

Although in our society the "plastic" credit card has almost taken over as a way of paying for our purchases with invisible money, now the possibility looms that we may actually be using bills of plastic when we pay with dollars.

If in fact, the Australians do print their currency on plastic, they will be the first country to print currency on anything but paper for nearly a thousand years.

Printing paper money actually began nearly a thousand years ago in China, in Ch'eng-tu the provincial capital of Sechuan when the offices in several districts stopped making iron money which was their common medium of exchange. Shopkeepers were forced to issue an exchange media which they called "flying money." But unfortunately they had no, or at least, inadequate, financial backing, and so the government decided to take over. And there follows a familiar story.

Despite years of trying to support and maintain the paper notes, the people lost confidence in them and were positively afraid of them. All government purchases were made in paper; the soldiers received their pay in paper, and in all the provinces and districts in the country, there was not one that did not pay its debts in paper.

Prices rose, and the value of the paper money fell more and more, and inflation increased. The people became disheartened and lost all energy to work; the soldiers were continually anxious lest they should not get enough to eat; and the bureaucrats complained.

To remedy this dismal situation the government's solution was not simply to print more money--which they did; but they printed it on perfumed paper made partly of silk. But that was to no avail. Paper money still did not inspire trust.

They had paper money in abundance.

The thing which most impressed Marco Polo and his companions was the vast quantities of paper money. He reported that the Kaan, the ruler, causes every year to be made such a vast

quantity of this money which costs him nothing, that it must equal in amount to all the treasure in the world.

Someone has calculated that when Marco Polo visited China, they were printing as many as 37 million pieces of paper money every year--by hand, with woodblocks. That's quite a printing operation.

By the time Gutenberg first smeared ink on a type form, the Chinese had been printing paper money for four hundred years.

It would not be until 1658 when Sweden first issued paper money in Europe. And the first government in the western world was the rebellious American Colonies.

The material for promissory notes has been paper; it has served for a long time, but now Australia seems ready to lead the way into the twenty-first century with promissary values printed on plastic.